

SAN DIEGO UNIFIED PORT DISTRICT

DATE: February 13, 2007

SUBJECT: CONDUCT PUBLIC HEARING AND ADOPT RESOLUTION AMENDING BOARD OF PORT COMMISSIONERS (BPC) POLICY 452, PERMIT FEES FOR THE USE OF THE DISTRICT'S PUBLIC PARKS, CHANGING THE FEES FOR SPECIAL EVENT PERMITS

EXECUTIVE SUMMARY:

The Port maintains sixteen public parks on the tidelands and issues permits to conduct events in thirteen of these parks. A system of park permit fees was implemented in 1998, using a fee structure that is based on the type of organization holding the event and the event's projected attendance. As part of an assessment and reorganization of the entire park permitting process that began in late 2004, staff has conducted a review of the park permit fee structure and the costs to the Port for supporting events in its parks. This review also included discussions with internal and external stakeholders in the park permit process, and benchmarking with other public agencies. Staff will present its findings and recommendation related to park permit fees for Board consideration and action.

RECOMMENDATION:

Conduct Public Hearing and Adopt Resolution Amending BPC Policy 452, Permit Fees for the Use of the District's Public Parks, Changing the Fees for Special Event Permits

FISCAL IMPACT:

This action will generate estimated additional gross revenue of approximately \$650,000. This estimate is based on historic data and the actual amount will depend upon future demand of events in the District's parks.

DISCUSSION:

Since 1998, the Port, using BPC Policy 452, has required fees for holding events in parks on the tidelands. In 1999, the first full year of receiving fees, the Port generated \$77,108 in fee revenue from 380 events permitted in its parks. In 2004, the year studied in the review of park permit fees, there were a total of 425 events from which \$147,340 in revenue was received. Preliminary estimates for 2006 are \$147,439 in revenue from 632 events. These revenue amounts are for park permit fees only.

The fee structure established in 1998, and still in effect, is based on the type of organization holding the event and the event's projected attendance. The current park permit fee structure follows:

Private events, meaning events conducted by private citizens such as weddings, family reunions and picnics, are assessed a flat fee of \$35. Commercial/corporate events are assessed a fee based on the event's projected attendance:

Attendance	Rate
0-99	\$250
100-2,499	\$2.50/person
2,500-29,999	\$2.25/person
30,000 +	\$1.75/person

There are additional fees for days used to set up and break down before and after events:

Additional Day(s)	Rate
1 & 2	75% of permit fee
3+	100% of permit fee

Discounts of 50% of the permit fee are accorded to those Port tenants who pay percentage rents. Discounts of 40% of the permit fee are accorded to tax-exempt, non-profit organizations.

BPC Policy 452 allows for damage/security deposits of up to \$10,000 from permittees, a cancellation fee of \$500 deducted from the security deposit if the permittee provides less than sixty days written notice of cancellation of an event, and a fee of \$8 per day for each parking space reserved for an event. Additionally, the policy calls for hourly rates of \$35.68 for Harbor Police and \$22.75 for Traffic Enforcement Officers who are required for security and traffic control.

In 2004, the \$147,340 in permit fee revenue equated to about 18% of the Port's incremental costs of supporting permitted events in tidelands parks. These costs, which are estimates, include inspecting and restoring parks from wear and tear from the concentrated usage of events, additional patrolling of parks and adjacent parking lots by the Harbor Police Department and Traffic Enforcement Officers, and administration of permits and the permitting process by the Communications & Community Services staff and ancillary staff.

In reviewing event histories and costs and considering possible fee structures, staff determined that an equitable solution would be to base fees on the impacts of various types of events to parks. For example, a reception event with only tables and chairs has less of an impact on a park than a corporate banquet with a stage and exhibits; therefore, the fee to conduct a corporate banquet would be higher than that for the

reception. After classifying events into types and quantifying the typical impacts of each, staff developed a park permit fee structure based on the type of event to be permitted. This fee structure provides for 100% recovery of the estimated incremental cost to support events in the Port's parks. While staff evaluated other cost recovery percentage options – both higher and lower than 100% - and their corresponding fees, staff felt that the most equitable choice is to recommend a full cost recovery structure only.

Proposed Park Permit Fee Structure (Single day rates)

Special Set up/Concerts Minimum deposit: \$10,000 Fee: 1-1,000 ppl. \$3,000 1001+ addl. \$3.00 per person	Seated Event Minimum deposit: \$5,000 Fee: 1-1,000 ppl. \$3,300 1001+ addl. \$3.30 per person	Reception Minimum deposit: \$1,500 Fee: 1-1,000 ppl. \$2,000 1001+ addl. \$2.00 per person
Picnic / Spectator Minimum deposit: None Fee: 25-100 people \$50 101+ people \$125	Wedding Reception Minimum deposit: \$500 Fee: 1-50 ppl. =\$150; 51-100 ppl. =\$300 101-300 ppl. =\$500; 301+ ppl. = Event fee	Moving Event Minimum deposit: None Fee: \$1.00 per person per park + Event Type fee, if appropriate
Additional Equipment Surcharge Portable Toilets - \$10 per unit Air Jump - \$25/day Flooring - \$0.25/sq ft	Event Type Definitions: <ul style="list-style-type: none"> • Special Set up /Concerts – Extensive site preparation with use of flooring, sprung structures, etc., that place heavy wear and tear • Seated Event – Involves set up of tables and chairs as well as extensive food service items and/or set up attractions • Receptions – Corporate events that may include tables and seating but not extensive set up • Picnic/Spectator – Barbecues or box lunches that are not catered and do not include tables and chairs • Wedding Receptions – No special structures or parking requirements • Moving Events – Events such as runs or walks that may not have actual use of a park, but will prevent access or egress, rendering it unusable 	
Additional Day(s) Rate 1 & 2 days = 75% of permit fee 3+ days = 100% of permit fee	40% discount for non-profit entities	

The above assumes a 69% recovery of costs based on calculations of flat rate events only. It does not assume events greater than 1,000 in attendance; additional equipment, parking or support needs. It is anticipated that these additions will make up the 31% difference for a full cost recovery.

Following are illustrative examples comparing the existing and proposed fee structures:

Example (1) Corporate banquet with attendance of 1,200 and a 7,500 ft² floor
Existing fee structure: \$3,000.00; with tenant discount: \$1,500.00
Proposed fee structure: \$5585.00

Example (2) Non-Profit Entity Picnic with attendance of 750 and no additional flooring or chargeable items

Existing fee structure: \$1,125.00

Proposed fee structure: \$1,200.00

During the course of developing the permit fee options, staff benchmarked the Port's existing and proposed park permit fee structure with those of the City of San Diego, County of San Diego and City of Chula Vista. Given the nature of the events held in the Port's parks, pure comparisons are difficult. While small and medium-sized private gatherings are common to all parks in the agencies surveyed, only the City of San Diego has the park capacities and amenities desired for large, corporate events such as those held in a number of the Port's parks. In general, when compared to those of the other agencies, the Port's proposed park permit fees are lower in some cases and higher in others, depending on type of organization and event attendance. Given that the parks on the Port tidelands occupy premium locations, staff has evaluated the proposed permit fee structure as being in alignment with those of other agencies.

After developing the above option, staff conducted meetings with external stakeholders, including tenant and non-tenant event planners and caterers. While there was general acceptance of a fee structure that provides for 100% cost recovery, staff received feedback from tenant hotel/caterer representatives that the current and proposed fee structures place them at a competitive disadvantage with non-tenant caterers and event coordinators. This is, they conveyed, because the tenants pay percentage rents to the Port on their event-related sales while non-tenants do not; and, the rent paid to the Port typically exceeds the amount of the 50% tenant permit fee discount, meaning that they pay more to the Port and therefore must charge more than do non-tenants. They recommended, as a solution, that the Port eliminate the 50% tenant discount in favor of requiring the caterers and coordinators of large (500+ attendance) events to pay the Port percentages of sales equivalent to those in the Port's percentage rate table. Staff supports this recommendation as part of its proposed fee structure.

Regarding deposits and other fees contained in BPC Policy 452, staff recommends that the security deposit maximum be increased from \$10,000 to \$15,000; based on the event type and its potential for damage, that the late cancellation fee continue to be \$500, that the reserved parking fee be increased from \$8 to \$10 per space per day and that the hourly rates of \$35.68 for Harbor Police and \$22.75 for Traffic Enforcement Officers be changed to the following:

For Harbor Police Officers: The amounts listed in the San Diego Harbor Police's current standard labor rate for Harbor Police Officers, Senior Officers, Sergeants and Lieutenants. At the current rates, these costs would range from \$97.93 to \$133.87.

For Traffic Enforcement Officers: The overtime rates listed in the Port's current salary ordinance for Traffic Enforcement Officers and Traffic Enforcement Officer Supervisors in the E-step, plus burden. At the current rate, this cost would range from \$45.33 to \$53.52.

Port Attorney's Comments:

The Port Attorney has reviewed and approved the requested document for form and legality.

Environmental Review:

This proposed Board action is not subject to CEQA, as amended.

Equal Opportunity Program:

Not applicable.

PREPARED BY: Jim Hutzelman
 Assistant Director, Community Services



BPC Policy No. 452

SUBJECT: PERMIT FEES FOR THE USE OF THE DISTRICT'S PUBLIC PARKS FOR SPECIAL EVENTS

PURPOSE: To establish a policy governing the use of the District's public parks for special events including commercial/corporate events, nonprofit sponsored events, and private citizen events.

POLICY STATEMENT:

1. Requests for the use of the District's public parks will be addressed to the District's Director of ~~Marketing and Public Relations~~ Communications & Community Services. Requests for the use of the Broadway ~~pier~~ Pier and the B Street Cruise Ship Terminal will be addressed to the District's Director, ~~of Marine~~ Maritime Operations & Properties. The use of the B Street Cruise Ship Terminal is subject to the provisions of BPC Policy No. 450.
 2. The District will process requests for the use of the District's public parks on a first-come, first-served basis. Requests may be made up to eighteen months in advance of the scheduled event. All requests will be considered tentative until such time as the requester has paid the required fees and has received a fully executed permit from the Port's Executive Director or designee.
 3. The District will entertain requests for the use of its public parks from commercial/corporate organizations, nonprofit organizations, and private citizens.
 4. Requests for the use of public parks shall be submitted at least ~~2 weeks~~ 30 days in advance of the need for a permit.
 5. Published fees shall apply for obtaining permits for the use of the District's public parks.
 6. The District will assess permit fees on a calendar day basis, to include set-up and take-down activities. Parks are available for use from 6:30 a.m. through 10:30 p.m.
 7. The District will assess each request and determine whether the request is for commercial/corporate, nonprofit, or private use.
 8. Private citizen functions include weddings, family reunions and picnics organized by private citizens. The District will assess a flat permit fee for private citizen events, as set forth in the attached fee schedule.
 9. Commercial/corporate ~~events~~ will be assessed a permit fee as set forth in the attached fee
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BPC Policy No. 452

schedule.

~~10.~~ The District will provide a permit fee credit as set forth in the attached fee schedule to corporate/commercial users who are also tenants of the District paying percentage of revenue rent to the District.

~~11.~~ 10. The Executive Director shall consider a reduction in permit fees as set forth in the attached fee schedule for tax-exempt, nonprofit organizations that can demonstrate to the Executive Director's satisfaction that they are exempt from federal taxes. Organizations shall provide evidence of their tax-exempt status, such as a copy of their Internal Revenue Code Section 501(c) certification. Insurance requirements and other fees, however, shall not be waived.

~~12.~~ 11. Any commercial or ~~not-for-profit/nonprofit~~ organization seeking to use the public parks shall provide public liability coverage in a form and amount acceptable to the District throughout the duration of occupancy. The policy must specifically identify the San Diego Unified Port District as an additional insured.

~~13.~~ 12. A per day fee per parking space as set forth in the attached fee schedule will be charged if parking spaces are to be closed off from public use.

~~14.~~ 13. The District intends to maintain a safe, secure, and pleasant environment during special events. For this reason, District staffing fees for law and/or traffic enforcement may be required for events wherein attendance exceeds 100.

For event attendance exceeding 100, the District will request input from the event organizer during the application process regarding the need for Traffic Enforcement Officers and/or Harbor Police Officers. Taking into consideration the nature of the event and the event organizer's input, including the event organizer's ability to provide its own staffing for security and traffic direction, the District will decide whether TEO and/or HPO staffing is necessary. The hourly staffing fee structure is set forth in the attached fee schedule.

~~15.~~ 14. The District will ~~may~~ require a damage/security deposit as set forth in the attached fee schedule for ~~attendance exceeding 100 for any type of event~~.

~~16.~~ 15. Applications for a permit shall be accompanied by a completed questionnaire, and the damage/security deposit. The deposit shall be refunded in full if the permit is not issued or if the park is left in a clean and damage-free condition after use. The deposit shall be used to pay any actual expense of any damages or cleaning required as a result of the use of the park. A cancellation fee as set forth in the attached fee schedule will be deducted from the damage/security deposit if a permittee provides less than sixty days



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written notice to the District for cancellation of a scheduled event.

~~17.16.~~ The permittee shall obtain all appropriate regulatory approvals such as from the Alcoholic Beverage Control Board, and obtain other permits, as may be required.

~~18.~~ The use of amplified music and other amplified audio sound systems shall be in conformance with the applicable municipal regulations.

~~19.17.~~ This policy does not apply to uses of public parks for events that are exclusively sponsored by the District. The permit fees shall be waived for events that are exclusively sponsored by the District's member cities; however, all other fees and provisions shall apply.

~~20.18.~~ Fee structure under this policy will be reviewed annually.



Attachment to BPC Policy No. 452

PERMIT FEE SCHEDULE FOR PUBLIC PARK PERMITS FOR SPECIAL EVENTS

1. Private citizen functions include weddings, family reunions and picnics organized by private citizens. The District will assess a \$35-50 flat permit fee for private citizen events.
2. Commercial/corporate events will be assessed a permit fee based on event attendance, as follows:

Attendance	Rate
under 25 - 99	\$250
100 - 2,499	\$2.50 per person
2,500 - 29,999	\$2.25 per person
30,000+	\$1.75 per person

Special Set up/Concerts Minimum deposit: \$10,000 Fee: 1-1000 people \$3,000 1001+ addl. \$3.00 per person	Seated Event Minimum deposit: \$5,000 Fee: 1-1000 people \$3,300 1001+ addl. \$3.30 per person	Reception Minimum deposit: \$1,500 Fee: 1-1000 people \$2,000 1001+ addl. \$2.00 per person
Picnic / Spectator Minimum deposit: None Fee: 25-100 people \$50 101+ people \$125	Wedding Reception Minimum deposit: \$500 Fee: 1-50 people = \$150 51-100 people = \$300 101-300 people = \$500 301+ = Appropriate event fee	Moving Event Minimum deposit: None Fee: \$1.00 per person per park + Appropriate event fee
Additional Equipment Surcharge Portable Toilets - \$10/unit Air Jump - \$25/day Flooring - \$0.25/sq ft	Event Type Definitions: <ul style="list-style-type: none"> • <u>Special Set up /Concerts – Extensive site preparation with use of flooring, sprung structures, etc., that place heavy wear and tear</u> • <u>Seated Event – Involves set up of tables and chairs as well as extensive food service items and/or set up attractions</u> • <u>Receptions – Corporate events that may include tables and seating but not extensive set up</u> • <u>Picnic/Spectator – Barbecues or box lunches that are not catered and do not include tables and chairs</u> • <u>Wedding Receptions – No special structures or parking requirements</u> • <u>Moving Events – Runs or walks that may not have actual use of a park, but will prevent access or egress, rendering it unusable</u> 	



Attachment to BPC Policy No. 452

<u>40% discount for non-profit entities</u>	<u>Additional Day(s) Rate</u> 1 & 2 days = 75% of permit fee 3+ days = 100% of permit fee
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The fee structure for set-up or take-down days is as follows:

- ~~Day 1 and Day 2: 75% of fee based on total cumulative attendance~~
- ~~Day 3 and 3+: 100% of fee based on total cumulative attendance~~

The District will provide a 50% permit fee credit to corporate/commercial users who are also tenants of the district paying percentage of revenue rent to the District.

3. The Executive Director shall consider up to a forty percent (40%) reduction in permit fees for tax-exempt, nonprofit organizations that can demonstrate to the Executive Director's satisfaction that they are exempt from federal taxes. Organizations shall provide evidence of their tax-exempt status, such as a copy of their Internal Revenue Code Section 501(c) certification. Insurance requirements and other fees, however, shall not be waived.
4. ~~The district will require a minimum damage/security deposit of \$500.~~ Depending on event type and attendance, a damage/security deposit of up to ~~\$10,000~~15,000 will be assessed. A cancellation fee of \$500 will be deducted from the damage/security deposit if a permittee provides less than sixty days written notice to the District of cancellation of a scheduled event.
5. A per day fee of ~~\$8.00~~10.00 per parking space will be charged if parking spaces are to be closed off from public use.
6. For event attendance exceeding 100, the District will request input from the event organizer during the application process regarding the need for Traffic Enforcement Officers (TEOs) and/or Harbor Police Officers (HPOs). Taking into consideration the nature of the event and the event organizer's input, including the event organizer's ability to provide its own staffing for security and traffic direction, the District will decide whether TEO and/or HPO staffing is necessary. The District will reduce labor hours worked when advisable. The hourly staffing fee structure is as follows:

~~For Harbor Police Officers: The amounts listed in the San Diego Harbor Police current standard labor rate for Harbor Police Officers, Senior Officers, Sergeants and Lieutenants.~~



Attachment to BPC Policy No. 452

For Traffic Enforcement Officers: The overtime rates listed in the Port's current salary ordinance for Traffic Enforcement Officers and Traffic Enforcement Officer Supervisors in the E-step, plus burden.

~~TEO staffing fee shall be billed at an hourly rate not to exceed \$22.75 per hour.~~

~~HPO staffing fee shall be billed at an hourly rate not to exceed \$35.68 per hour.~~